

## **General Services Customer Council Meeting**

May 12, 2006

### **Members Present**

Charlie Smithson, Ethics & Campaign Disclosure; John Baldwin, Dept. of Corrections; Jennifer St. John, DNR; Marcia Spangler, Public Health; Jim Chrisinger, DOM; Greg Anliker, Elder Affairs; Peggy Sullivan, Judicial; Bob Straker, AFSCME; Cindy Morton, Revenue; Margaret Thomson, Legislature; John Connors, Member of Public; Paul Carlson, GSE.

### **Members Absent**

Major Darrel Cox - Excused  
Mary Jane Olney - Absent

### **Others Present**

Debbie O'Leary, DAS/GSE; Dale Schroeder, DAS/GSE; Tim Ryburn, DAS/GSE; Dean Ibsen, DAS/GSE; Nancy Williams, DAS/GSE; Paula Newbrough, DAS/GSE; Barbara Bendon, DAS/GSE D & C; Deb Madison-Levi, DAS; Gerd Clabaugh, DAS; Julie Sterk, DAS; Patricia Lantz, DAS; Mark Johnson, DAS; Pat Deluhery, DAS; Paula Portz, Public Defense; Pat Mullenbach, DAS; Kathy Shannon, DAS/GSE Fleet; Matt Coulter, Voc. Rehab; Lisa Taylor, DHS; Susie Madison, DHS; Jess Benson, LSA; Dee Richards, DCA.

### **Call to Order**

Meeting called to order by Chairperson Charlie Smithson at 9:00 a.m.

### **Roll Call**

Member Roll Call taken by Secretary Nancy Williams.

### **Approve Minutes (January 6, 2006)**

Minutes approved as submitted.

### **Announcements**

None

### **DAS Director Comments**

None

### **DPS/Corrections (Actual Rates vs. Budgeted Rates)**

Item deferred.

### **Financial Reports**

Noted that DAS/Finance CFO Denise Sturm has left employment with the State of Iowa, having accepted a position in the private sector (Iowa Foundation for Medical Care). Gerd Clabaugh, Acting DAS/Finance CFO distributed a one page FY 2006 Financial Summary March 2006 – FY06 report.

Mr. Clabaugh answered questions from the Council members. Greg Anliker suggested another column be added to this report in the future to show where we are in percentages compared to the full year, noting this would be helpful. Mr. Clabaugh noted Accounting would add this column for future meetings.

### **Analysis – Combine office & storage rate for FY 07 Association Utility**

Originally the Council assessed two different rates for space; one was the office space which also encompassed storage space under 1,000 ft. If an agency had storage space over 1,000 feet we assessed less of a rate based on the fact that janitorial services were not being provided. When DAS met with all agencies, customers complained about having the two rates. Chairman Smithson stated for FY08, the Council moved to go to one rate. The issue was, should we go back and look at this for FY07; however, we were concerned some agencies might take a financial hit. The Committee asked DAS to determine numbers on how this change would affect agencies if we went to one association fee for FY07.

Dean Ibsen distributed information and answered questions from Council members. It was noted the numbers may not be exact, GSE must still do a “true-up” for 2007. Paul Carlson noted as you look at DAS/GSE total, the cost is going to go up about \$35,000, total cost is going up \$39,000, with a difference of \$4,000, we are not going to raise the rates in FY07 because we are assessing more to DAS/GSE. It was noted this one rate will simplify the process and is easier for those agencies having Federal funds.

Paul Carlson stated this would probably need a waiver since we are changing something that has already been approved by the Council.

Patricia Lantz advised since rates are to be set by September 1 of the preceding year and if you are changing that a waiver would be in order. Also discussed the 30-day notice to agencies which is not a statutory requirement or rule, but rather a courtesy DAS has given to the customers allowing them time to comment on the rate setting process.

Greg Anliker moved to approve moving to one rate association fee for FY07 and give agencies a 30-day comment period. If there are comments the Board will revisit this issue. Additionally, to direct Chairman Smithson to prepare a waiver to allow this. Margaret Thomson seconded the motion. Passed by a Roll Call vote of the members present.

### **FY07 Rate Reductions**

Paul Carlson stated in February GSE promised to come back to the Committee at some point with our assessment concerning whether we would recommend additional rate reductions. We are still planning to do that; however, there is one rate reduction we believe we can implement effective July 1, that being the Purchasing Utility Rate.

### **FY07 Purchasing Utility Rate Reduction**

Debbie O’Leary advised purchasing has been reviewing projections for year-end and finding we are going to be receiving more rebates than originally projected. This is primarily due to a software contract with Software Spectrum; purchases from this contract are about \$500,000 a month. Most of the purchases are from cities and counties. GSE is going to be receiving a 1% rebate on the sales. Ms. O’Leary recommended to the Board, effective July 1, 2006, **for six months**, we reduce purchasing rates by \$200,000 for FY07. At the end of six months this will be reassessed. Paul Carlson stated this is about a 17% rate reduction beginning July 1, 2006.

Chairman Smithson stated procedurally the Council must ask for a Waiver of the rule that says rates have to be set by September 1. The Council must vote to accept the reduced rate. John Connors moved to approve a \$200,000 FY07 purchasing utility rate reduction for six months, to be revisited in January, 2007. Cindy Morton seconded the motion. Roll call vote taken. All members present approved. Motion passed.

Greg Anliker moved to direct Chairman Smithson to file a Waiver Petition to ask DAS to waive the rule so the Council can implement the rate reduction. Margaret Thomson seconded the motion. Motion passed.

### **Format for FY08 Utility Rate Proposal Presentations**

Paul Carlson asked members to refer to the hand-out titled "FY07 GSE Utility Budgets – Summary Detail", discussed and answered questions.

Chairman Smithson stated to the Council, the issue is, "do you want to do the FY08 rate setting in the same sort of format as presented?" Greg Anliker moved to direct GSE to use the same process for presenting the FY08 information to the Council as they did the FY07 rate. Jim Chrisinger seconded the motion.

Paul Carlson noted there was discussion as to whether GSE should use the same increments noting GSE would be happy to follow the same increments but would like direction from the Council.

Marcia Spangler recommended GSE to use the same philosophy and that the percentage be the increase of the anticipated salary increase for next year. The next category could be a 2% increase from that and a 2% decrease, etc.

Chairman Smithson stated it was moved by member Anliker, seconded by member Chrisinger to adopt the same model for FY08 with amendment by member Spangler to use the salary adjustment figure as the starting point. Voice Vote - all approved. Motion passed.

### **Basis for FY08 Utility rates**

Paul Carlson discussed the "Basis for FY08 GSE Utility Rate Charges" handout. Considerable discussion ensued. Jim Chrisinger noted if customers are not happy with what they are paying, they should be better negotiators with GSE. Jim Chrisinger stated it is not the Customer Council's job to set DAS salaries, the Council's role is to negotiate a price and services that work for us and its Paul Carlson's job is to negotiate from a point of view that it works for GSE, that's what the law says.

Salary adjustment discussed. Jim Chrisinger stated the rates should not be directly related to the salary adjustment percentage number, it should be related to what can you afford to pay for these services. Salary adjustment is a part of GSE's financial picture, but it is not the only thing.

Bob Straker asked if it is a Utility, do you really have the authority not to buy it from GSE and go outside? Jim Chrisinger responded a Utility means we have to buy these services from GSE.

### **Basis for FY08 Purchasing rates**

Jim Chrisinger headed up a committee to discuss this topic and presented a memo distributed to members on October 17, 2006. Memo contents discussed at length. (Memo attached).

Ms. O'Leary stated when the Purchasing rate was first established, a committee worked on this trying to figure out what the basis should be. The only information we had was the previous way the rate was charged which was a 1% fee on purchases from contracts. We took FY01, FY02 and FY03 – the amount that had come in from purchases from those contracts and established the basis for a rate at that time. Since then there has been questions about whether this is still a good basis for the rate?

Jim Chrisinger made the motion to use the current basis for FY08. Furthermore, Jim Chrisinger to head up a committee, to include Debbie O'Leary, to work on better data and potential alternatives for FY09. Margaret Thomson seconded the motion. Motion passed by voice vote.

### **Sub-committee Reports**

- **Design & Construction Fees**  
(Defer until next meeting)
- **Market Issues and How It Might Affect Utility Rates**  
Greg Anliker advised this issue has been addressed with the pieces of information from Accounting. Chairman Smithson dissolved this committee.
- **Purchasing sub-committee**  
Dissolve current sub-committee and re-establish a new sub-committee with Jim Chrisinger a lead, Jim to appoint his members.

### **Administrators Items of Interest**

#### *Debbie O'Leary – Service Delivery*

- Office Supply Contract, GSE has recently renegotiated this contract with our current supplier and has been able to receive a 15% reduction in office supplies. We have just recently brought the City of Des Moines onto this contract, Polk County is interested, and we expect to do more with cities, counties and other political subdivisions. The vendor is going to be giving us a 1% rebate on whatever the cities, counties and schools buy from the contract.

#### *Dale Schroeder – Fleet & Mail*

- 1/1/2007 the post office will require large commercial mailers to use “two dimensional meter imprints” which will allow the post office to start tracking letters and mail much better than they have in the past. GSE/Fleet just issued a purchase order with Hassler saving \$51,000. Purchasing set the contract up; if all entities in the State of Iowa, under this same postal service regulation, use this contract it should save the counties and cities in the state of Iowa hundreds of thousands of dollars.
- Fleet Vehicles – fuel contract with Wright Express. In working with DOT and A.T.Kearney, we re-bid that contract; effective June 1 the new contract will offer us \$337,000 in savings to the DAS agencies which operate their vehicles through DAS over the next six years – over \$50,000 per year. The savings is coming from a negotiated rebate of 1% on all fuel purchases as well as some

opportunities to receive a two and one-half percent discount per gallon we didn't have available with Kum & Go's and we are also negotiating a cent per gallon discount – up to four cents a gallon from DP Amoco. We have issued a card to all drivers and this is automatic.

- Gas Pumps – Dale advised we are looking at replacing the gas pumps.

#### *Dean Ibsen – Design & Construction*

- Discussed the Infrastructure Bill
- Electrical Distribution System – receiving an additional \$2.8 million dollars. As a part of this project we are adding generators to serve virtually all buildings on the Capitol Complex. We are replacing the primary and the alternate feeds from MidAmerican. By June 1, 2006 we expect to have the distribution system and generators up and running and will be able to curtail with MidAmerican, part of the income from the curtailment is helping us pay for the generators.
- Money for a new State Office Building – 350,000 square feet, about \$77 million dollars. Also a new building for Iowa Utilities Board and the Office of Consumer Advocate, there is no dollar amount associated with that, it is intended to be a “green” building, an environmentally friendly building and be a prototype for small businesses and non-profits around the state.
- West Capitol Terrace, phase one, will replace parking lots # 7 and # 8 west of the Capitol. Phase one demolition will begin right after Yankee Doodle Pops on June 30, 2006. Goal is to be finished with phase one by next June 17, 2007 when the Hy-Vee Triathlon Event is going to be at the Capitol.
- Design and Construction is going to be working with Human Services on a new school infirmary at Toledo and a wastewater treatment plant at Woodward.
- Major Maintenance money received last year for \$10 million for state-wide major maintenance, we just met with the Vertical Infrastructure Committee. We reviewed 153 project requests totaling about \$82 million dollars. We have four years of major maintenance money, \$8.9 million, \$10 million for '07, \$40 million and \$40 million; we have already got the projects lined up to use up all the money.
- Working with AT Kearney on strategic sourcing on roofing projects. We are going to use the strategic sourcing approach to consolidate the roofing work we have identified all over the state so we can figure out the best way to package the work, bid the work and get the work completed.
- Received funds for relocating the Capitol Cafeteria, it will move into some of the office space on ground floor to open up the rotunda.

#### *Tim Ryburn – Capitol Complex Maintenance*

- GSE has been working with our Custodial Staff on “walking in our customer's shoes”, look at an area, is it being cleaned appropriately, does it meet our standards, etc.
- Hoover Building – we have put floor numbers in the carpet by the elevators so both public and staff are aware quickly of where they are, we believe this is being more “customer friendly”. This is helping in terms of security; people are not wandering around on floors looking for where they need to be.
- Infra-Red Camera – this was purchased with marketplace funds in an effort to improve facility maintenance. (Camera passed around to members)

**Questions for COO Carlson**

Marcia Spangler asked if DAS was going to participate in the vacation buy-out for FY06. COO Paul Carlson advised DAS is not going to do vacation buy-out this year.

**Concerns about Shared Services**

Chairman Smithson asked that we defer on this item until GSE gets what they are going to be billed by shared services.

**Possible topics for next meeting**

If you have any topics for the next meeting, please e-mail them to Paul Carlson or Charlie Smithson.

**Adjournment**

Meeting adjourned at 11:00 am

Respectfully submitted,  
Nancy Williams, GSE

***Next Meeting: Friday, June 16, 2006***

***9:00am – 11:00am***

***Hoover – Level A – EMD Conference Room***

***(Note this room is now called Hoover Level A Conf. Room 7N)***